## PURCHASE AGREEMENT

between ROCHESTER MIDLAND CORPORATION, a New York corporation having its principal offices at 333 Hollenbeck Street, Rochester, New York (hereinafter referred to as "Buyer") and MERIT SANITARY SUPPLY COMPANY, INC., a California Corporation having its principal offices at 832 Brittan Avenue, San Carlos, California, (hereinafter referred to as "Seller") and Daniel P. Kelleher, residing at Privacy Act and Curtis C. Forbes, residing at Privacy Act

Privacy Act

(hereinafter referred to as Kelleher and Forbes.)

WITNESSETH:

WHEREAS, Seller desires to transfer to Buyer, and Buyer desires to acquire from Seller, certain assets and property of Seller, all on the terms and conditions set forth herein,

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and promises hereinafter set forth, the parties hereby agree as follows:



## I. Buyer's Acquisition of Certain Assets of Seller.

Acquisition of Assets: Subject to and on the following terms and conditions, Seller hereby agrees to sell. convey, transfer, assign, deliver to Buyer, and Buyer hereby agrees to acquire and accept from Seller, on the Closing Date, all inventory in accordance with terms and conditions of Paragraph II A; all fixed assets according to the terms and conditions of Paragraph II B, fully depreciated or not fully depreciated, real or personal; customer lists; all books and records of Seller relating to such assets and property as the same shall exist at the Closing Date; and the name and right to use the name Merit Sanitary Supply Company, Inc. (all of which hereafter collectively referred to as "the Assets"), all as more fully set forth in the Exhibits annexed hereto and made a part hereof and referred to herein. The conveyance, transfer, assignment, and delivery of the assets of Seller shall be evidenced by delivery on the Closing Date of such bills of sale, and other instruments of transfer and conveyance as Buyer shall reasonably request.



B. Liabilities: Any and all liabilities of Seller, including but not limited to tax liabilities and accounts payable, shall be the sole responsibility of the Seller. All claims and actions relating to events prior to Closing Date shall be the sole responsibility of the Seller. Buyer shall not in any way assume or be held responsible for payment of any liabilities, contractual obligations, or claims or actions prior to the Closing Date or which arise as a consequence of actions prior to closing.

## II. Calculation of and Payment of Purchase Price.

A. <u>Inventory</u>. Seller shall take a physical inventory on the Closing Date, at which Buyer shall have the right to have representatives present, priced at most recent purchase price applicable to normal quantities purchased, which pricing will be in accordance with generally accepted accounting principles. Inventory purchased after September 30, 1984 has been and shall be only in the normal course of business. Inventory which, in the reasonable opinion of Buyer, is damaged, unsaleable, or used may be excluded from the purchase price or may be reduced in value as determined by Buyer and Seller. Seller will be responsible for disposing of all unsaleable inventory. The inventory purchased by Buyer hereunder shall be set forth in Exhibit I attached to this Agreement. For a period of 60 days after the Closing Date, merchandise which is returned will be handled as follows:



seller will reimburse customer for the purchase price of the merchandise and Buyer will purchase the merchandise from Seller on the terms and conditions of this Purchase Agreement, i.e., purchase price shall be Seller's cost and merchandise which is damaged, unsaleable or used as determined by Buyer and Seller shall be excluded. After 60 days from the Closing Date, returned merchandise shall be the responsibility of Seller.

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- B. <u>Fixed Assets</u>. RMC shall purchase trucks, storage racks, office and warehouse equipment, and furniture at SELLER's book value whether fully depreciated or not fully depreciated, real or personal, inventories, customer lists, all books and records of SELLER relating to such assets and property as the same shall exist at the Closing Date. Attached as Exhibit J is a listing of such physical assets.
- C. <u>Purchase Price</u>: The purchase price for the Assets to be sold and transferred pursuant to this Agreement, which buyer agrees to pay to Seller and Seller agrees to accept from Buyer in full payment for such assets, shall be as follows:
- Inventory valued in accordance with the provisions of Article IIA above.
  - 2. Name, customer lists and other assets

 All fixed assets as defined in sub paragraph B above at book value.



IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement, and Buyer and Seller have caused their corporate seals to be affixed thereto in their names and on their behalf by their officers, thereunto duly authorized, as of the date first above written.

ROCHESTER MIDLAND CORPORATION

By: O) Mein Klass EXEC. U.P.

A. T. Kevorkian

Executive Vice President

MERIT SANITARY SUPPLY COMPANY, INC.

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By: Warrel W Xellether

Daniel Kelleher

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